STATE OF KANSAS)
WYANDOTTE COUNTY)) SS **SPECIAL SESSION, THURSDAY, JUNE 27, 2019**
CITY OF KANSAS CITY, KS)

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, June 27, 2019, with ten members present: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Murguia, Commissioner Third District; Kane, Commissioner Fifth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District; and Alvey, Mayor/CEO, presiding. Johnson, Commissioner Fourth District; was absent. The following officials were also in attendance: Doug Bach, County Administrator; Misty Brown, Deputy Chief Counsel; Bridgette Cobbins, Unified Government Clerk; Gordon Criswell, Alan Howze, Melissa Sieben, Assistant County Administrators; Jeff Fisher, Executive Director of Public Works; Mike Taylor, Public Relations Director; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Chief Financial Officer; Reginald Lindsey, Budget Manager; Budget Staff; Rocki Mayes, Executive Assistant to County Administrator; Lynn Melton, Assistant to Mayor; and Officer Tom Grote, Sergeant-at-Arms.

MAYOR ALVEY called the meeting to order.

ROLL CALL: Markley, Walters, Philbrook, Bynum, Burroughs, Townsend, McKiernan, Murguia, Kane, Alvey.

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Thursday, June 27, 2019, at 5:00 p.m. in the Commission Chambers of the Municipal Office Building, for the Administrator’s Budget presentation.

CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and for the purpose therein stated.

Mayor Alvey said tonight our Administrator will be presenting the Budget. Just a note, after the presentation of the budget and as you go through and if you have questions or thing you would like to explore further, please take note of those and forward those on to Mr. Bach and/or myself. Really, the best time for us to really kind of get into the discussion and allow plenty of time to prepare for the questions, will be July 8th. There is a Standing Committee beginning at 5:00 p.m. that day that we expect to last about 1 to 1.25 hours, so we would begin our discussion no early than 6:30 p.m. Monday July 8th. Again, if you have questions or thoughts at the conclusion of this, please send those to me and Mr. Bach and we will be able to prepare more fully.

Doug Bach, County Administrator, said for the Amended 2019 Budget and Proposed 2020 Budget. It's one of those budgets as we dug into it, we started to realize just how many activities were going on, how many initiatives we started in the course of this year or said we're going to move forward with, so building those into it. There's a lot in this years' budget and there's a lot of financial items to discuss, so we're going to jump right in and get to it.

I'm going to start by talking about a few things going on in the community and the community trends that are out there. We're seeing a lot more reinvestment in our downtown area. The MERC Grocery Store is set to break ground in the middle of August. KU Strawberry Hill Campus, a $61M project is scheduled for their ribbon cutting at the end of August and we just did a groundbreaking on the BLVD Lofts project.

All four of our school districts are expanding across the community. USD 500 has been in the middle of a project they have been doing for some time and have a new school that they will be moving forward on this year. The Turner School District is adding on into their area as is Bonner Springs and the Piper School District where they are adding a new Middle School.

We're doing Community Master Planning. We just completed what we did at the Northeast Master Plan and are starting a Central Area Master Plan.

Our crime rate is down across the community by 11% and our homicides have dropped by 14.5%, so very positive operational things we're doing.

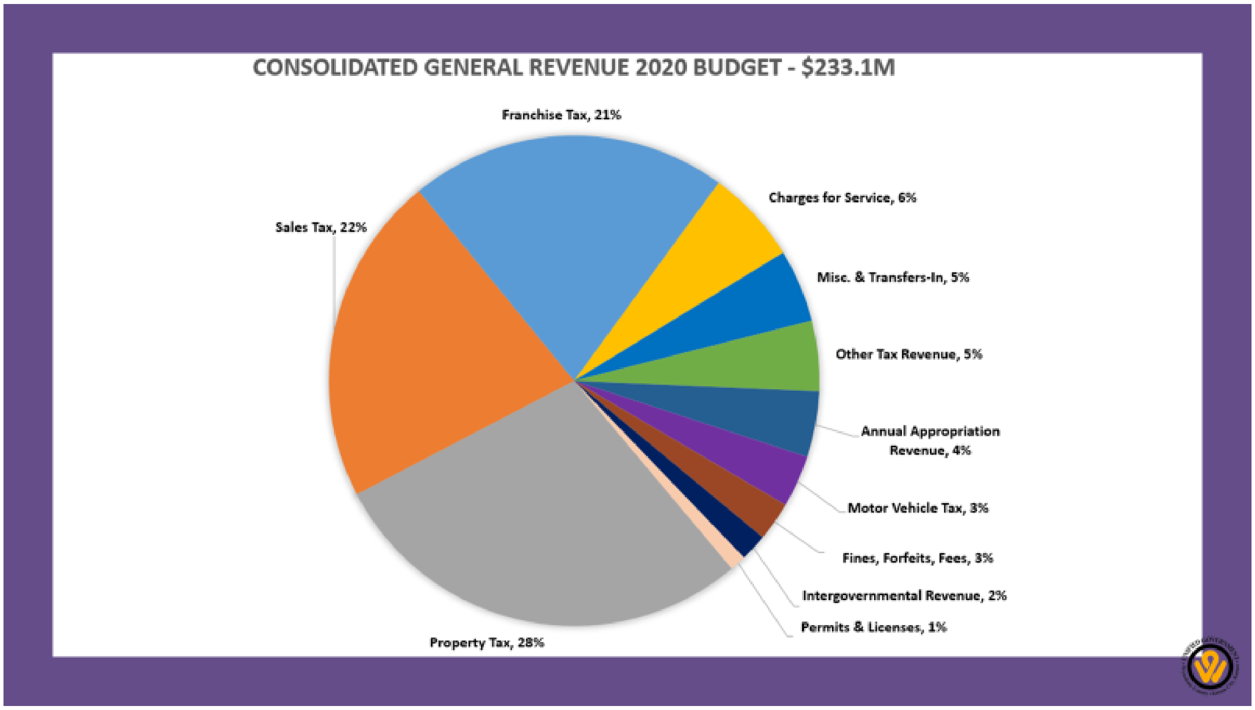
Infrastructure, a couple of the large projects, we announced the Turner Diagonal Project in conjunction with Turner Logistics. It's a $28M infrastructure project that puts in more than $150M development and we're on our second phase of Leavenworth Road.

Across the community our property values are up showing that people are reinvesting and investing in our community.

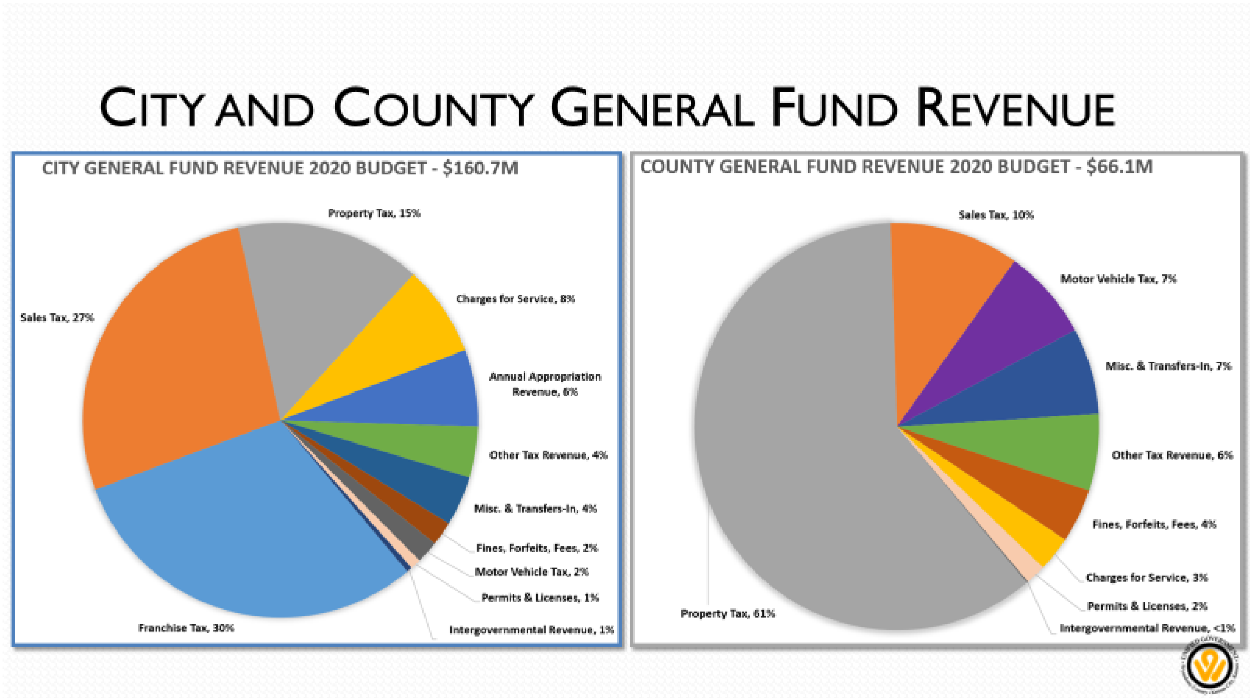
Key Objectives that I'm looking at in building this years' budget, number one I look at what are the Commission goals and the six goals that we have out there we go through and structure those in, lay those out to the departments. When they start to do this and they understand which areas they're supposed to be putting as priorities. Also, I marry that with the fact that I know this governing body who does not want to see any kind of mill increase come forward to you.

We've improved critical infrastructure, we look for long-term fiscal sustainability, improve the appearance and the safety of our neighborhoods and continued commitment to that. Targeting investment to drive future revenue growth and always trying to work to improve our operational efficiency and effectiveness.

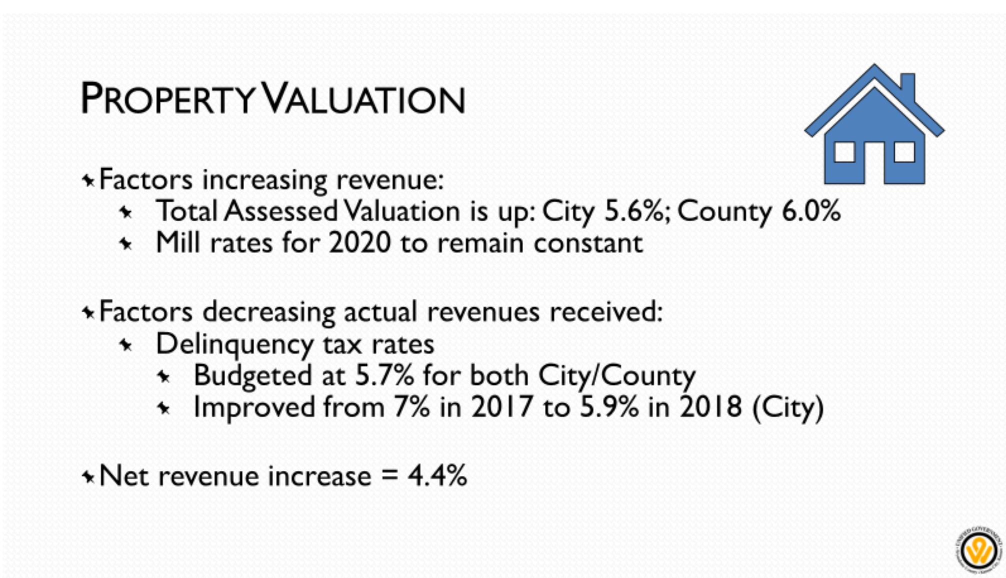
At this point I'm going to turn this over to our Chief Financial Officer, Kathleen VonAchen, and she is going to take us through the revenue team and then I'm going to have our Budget Director as well as the other Assistants present key points to this budget. I will then come back up and close out and go from there.



Kathleen VonAchen, Chief Financial Officer, said we're going to talk about the Revenues and first we're going to start with the Consolidated General Fund. That includes the Parks, the City and the County General Funds. They total roughly $233M and the pie chart you see up here breaks out each of the funding sources into a separate pie. The biggest being the Property Tax and that piece is 28% followed by Sales Tax at 22% and the Franchise Tax at 21% so we have a very diversified funding source—diversified revenue structure with funding sources from different categories. We're not overly reliant on one or another, but there have been shifts over the years mainly where we were more reliant on property tax than we are now. Now we're more reliant on sales tax. I should also point out there are Charges for Services which is also an important revenue source and Motor Vehicle.



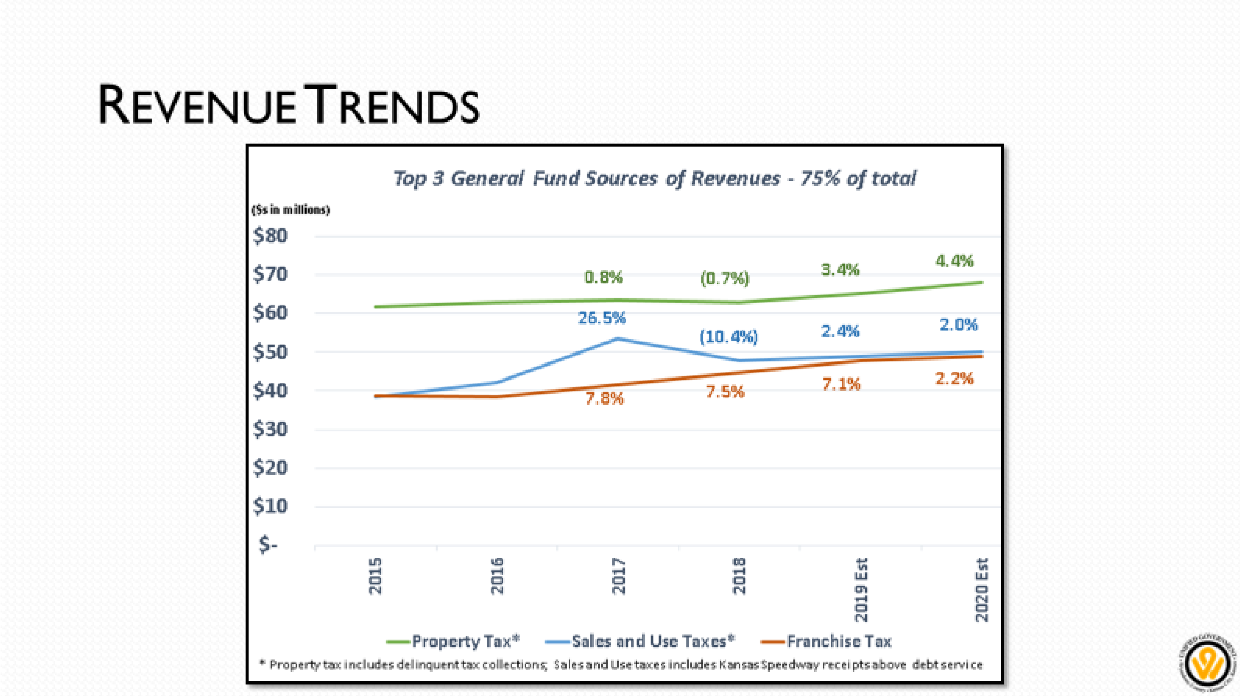
Instead of Consolidated, what we're presenting here are two pie charts with the City on one side and the County on the other. You should take note that on the County side $66M of it is the total of the County compared with the City which is $160M, so it's quite a bit larger, but the County is very reliant on property tax constituting 61% of its total where the City's General Fund only receives about 15% of their total revenue from property tax. The City General Fund is very reliant on sales tax at 27% but more so on franchise tax which is now at 40%.



We're going to talk about property tax a little bit, it often comes up. You all met with the County Appraiser and she gave you some general idea of how valuations are going. We now have the finalized certified valuations through our UG Clerk. It turned out the City's total assessed valuation ended up being 5.6% and the County 6%. That includes not only commercial and residential real estate, it also includes new improvements, it also includes the state assessed utilities and it also includes personal property tax. Any of those sources increase and decrease independently from each other so the numbers you're seeing here are blended, a blend of all of those categories. Some of the factors that this sets up, you know, the valuation is very positive, 5.6 and 6%, and also the fact that we are staying consistent with keeping the mill at the current level.

Factors that may decrease the revenues received include a change in the rate in which our property taxpayers pay us which we refer to as the delinquency rate. In prior years we've had to budget data around the 7% level, but this past year it came to life that actually our collection levels have improved. Now instead of 7%, in 2018 the collection rate was 5.9% so a decrease by over a full percentage so in this '19 and '20 budget, the revenue estimate, I've changed the delinquency rate factor in my calculation for the estimate from 6.5 or so percent down to 5.7. That allows for us to collect more. It doesn't really allow us to collect, it helps us plan for more.

You have the increase and then you have some factors that decrease the revenue and as a result the net revenue increase over the prior year for 2020 is 4.4%.

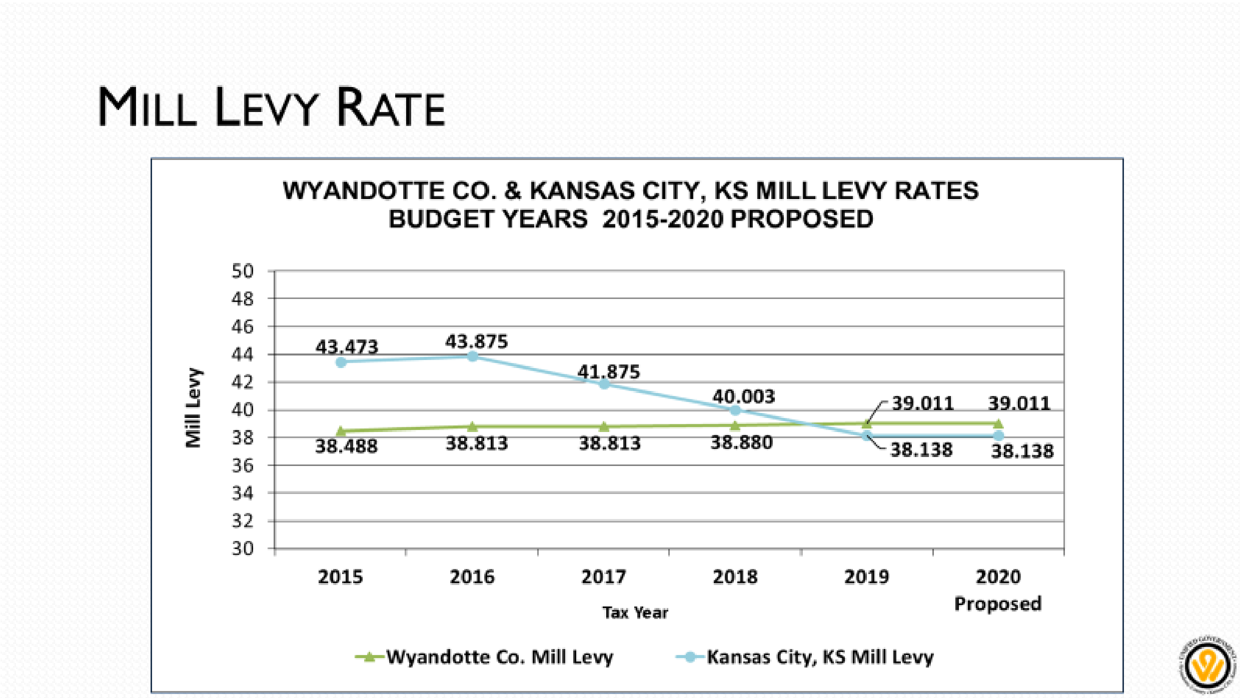


We like to take a look at some trends. Here's a five or six year analysis of the top three revenue sources. The top one is property tax and you can see—this is across all UG—oh no, this is just the General Fund and you can see that it had some very kind of slow or no growth in '17 and '18 and also '19 although '19 picks up a little bit, but that's because in each of those years the Commission instituted a 2-mill reduction. Even though there was property valuation increases during those years, the 2-mill reduction reduced the level of revenue. That's why in '17 you've only got an amount—maybe it's 6, yeah .8% where it ends at negative .7.

The blue line is the sales tax and we're going to talk more about sales tax during our upcoming budget workshop. You can see in '17 it bumps up quite a bit. It increased by 26% and that's because that's the first year which we collected the STAR Bond revenue, but there are also other reasons that go into that substantial increase in '17. Then it drops down in '18 by 10%. We've been studying what happened with this 10% decrease in 2018 because the funding or the distributions from the state were coming in very, very strong the first half of the year and suddenly in the latter half, it dropped off. When we meet again during our budget workshops we're going to talk more about sales tax.

The third source is franchise tax which is pretty consistent year-to-year. In '17 and '18 the BPU—this totals around $40M and $30M of it is the Payment-in-Lieu-of-Taxes related to the electrical plants and they instituted a 4% increase to begin in April of '17 and then another one in

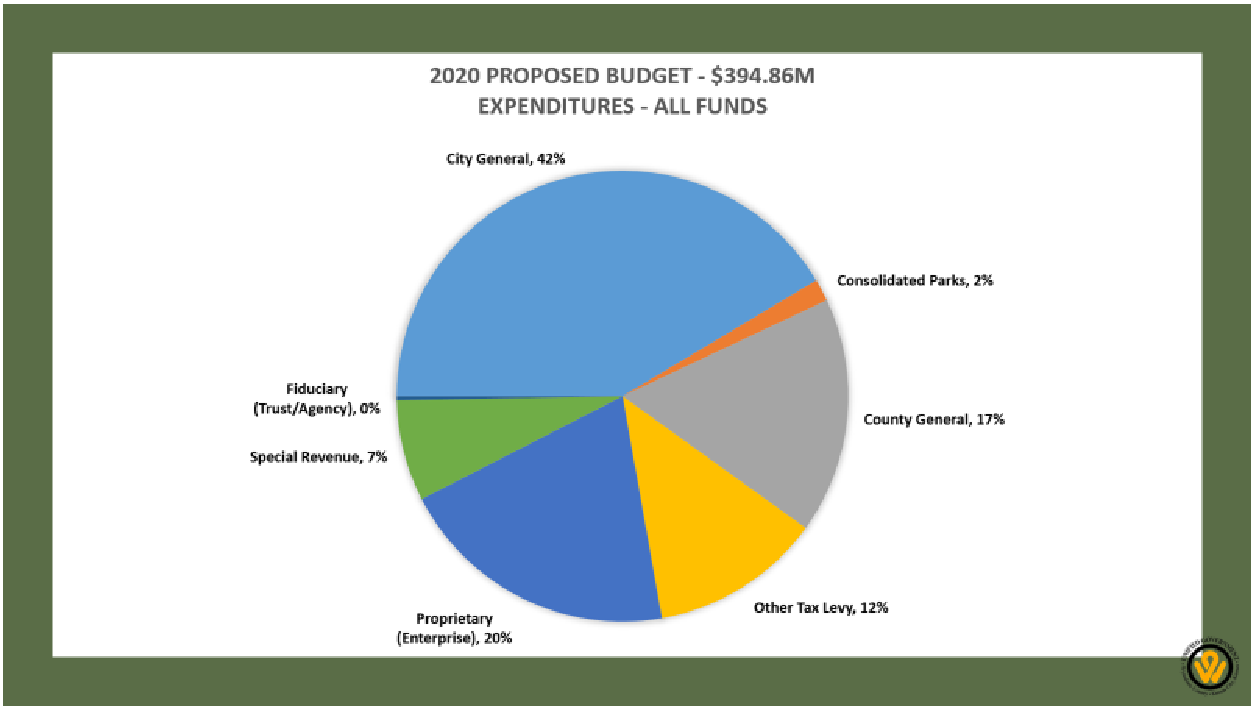
April of 2018. That explains the 7.8 and 7.5% increase in '17 and '18 and again in '19 as the revenue annualizes and then it will stable out. I'm estimating it will stable out in 2020.



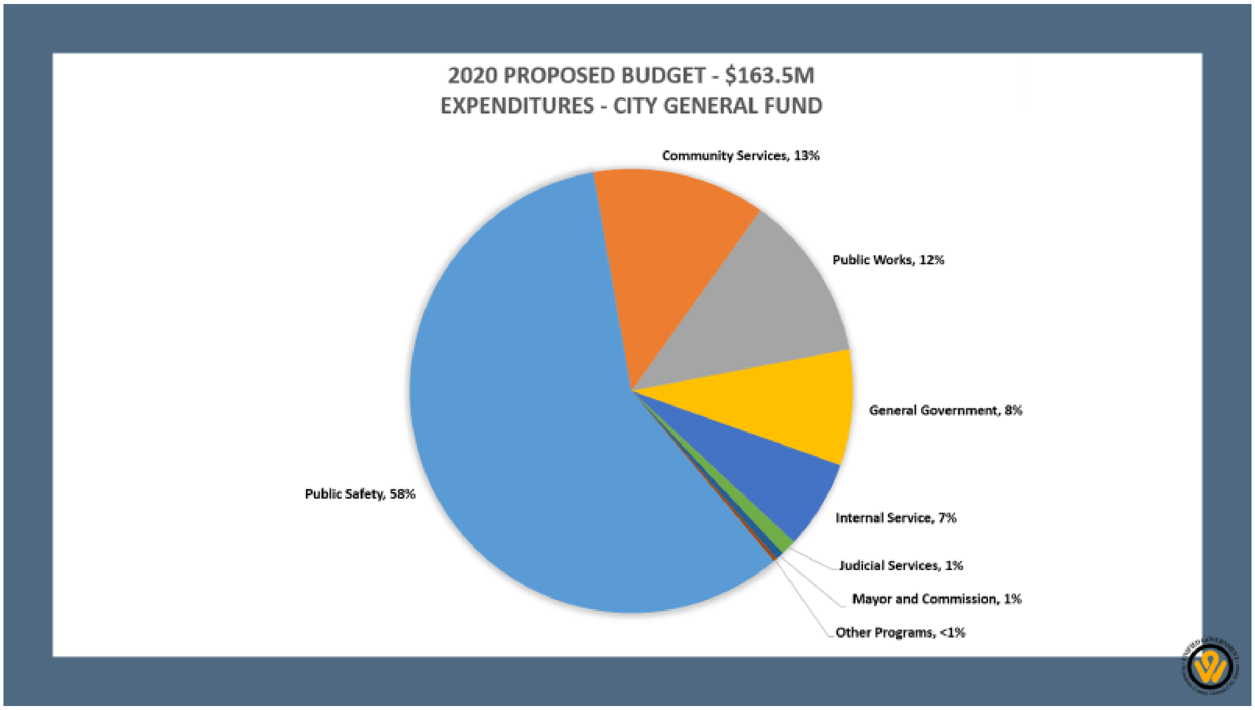
We just want to provide you with a graphical display of the mill rate, mill levy rates since 2015. As you know, before you, as the Commission, began adopting the reduction in mill levy rates we were—the City which is that blue line was at 43.4 mills for both '15 and '16 and then once we received the STAR Bond funds it began dropping that rate at a 2-mill level each year. That's a very conservative and prudent way of seeking tax reduction without impacting negatively the operations of the organization. So, we dropped it down to 40 and then you dropped it down to 39 and that's where we're keeping it at. That's what we're proposing for 2020 to leave it at the current level.

By the way, the green line is the County which you can see pretty much stays the same through that period.

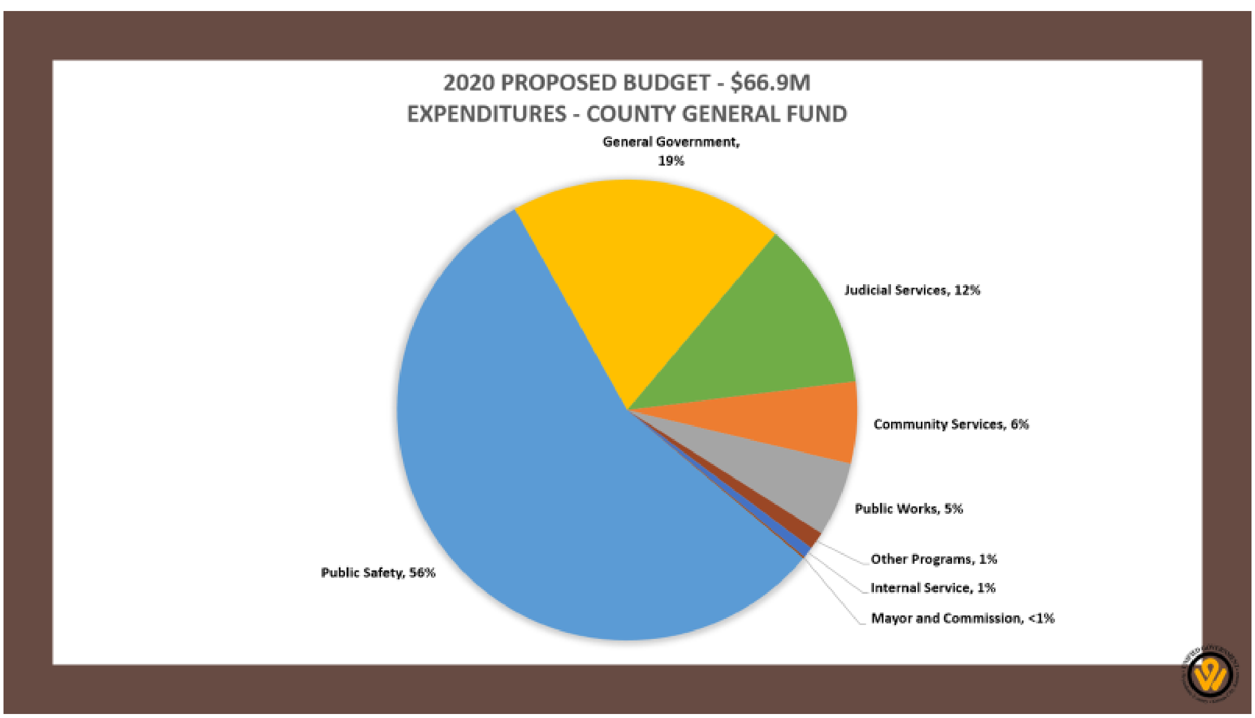
Now I would like to introduce you to my Budget Director, Reginald Lindsey, who he and his team have worked very hard on the budget document which you just received tonight. I hope that you will read all of it because it is fantastic I think. I've got to say I'm very proud of them and I would also like to make sure that you take a look at that Capital section. It's really interesting and that's a new section.



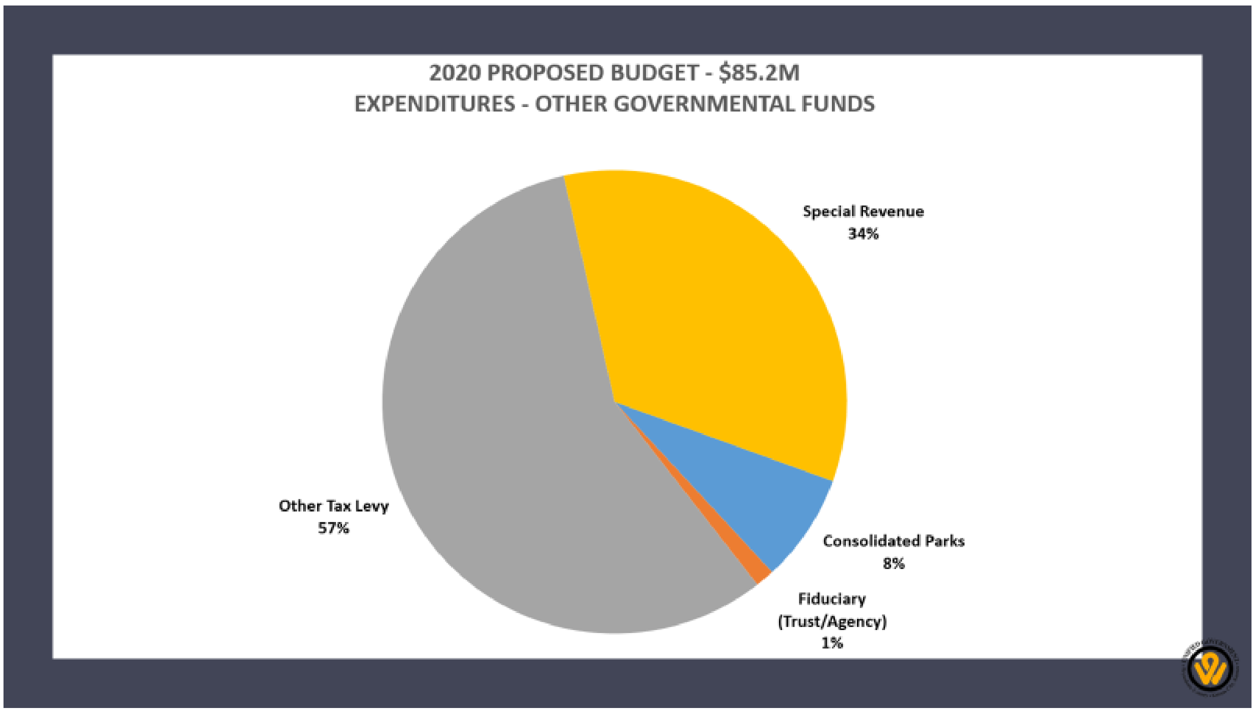
Reginald Lindsey, Budget Manager, said Kathleen touched on the revenue side of the budget. I'm going to talk about the expenditure side of the budget. We have a $394M Expenditure Budget this year for 2020. We have 29 funds within that budget and it provides over 200 services. The pie chart here, we have the City General Fund which is $163M. Then we also have the County General Fund which is $67M. Those are the two biggest funds here. Then within the Enterprise Fund we have another big fund which is the Water Pollution Fund and it it's a $60M budget.



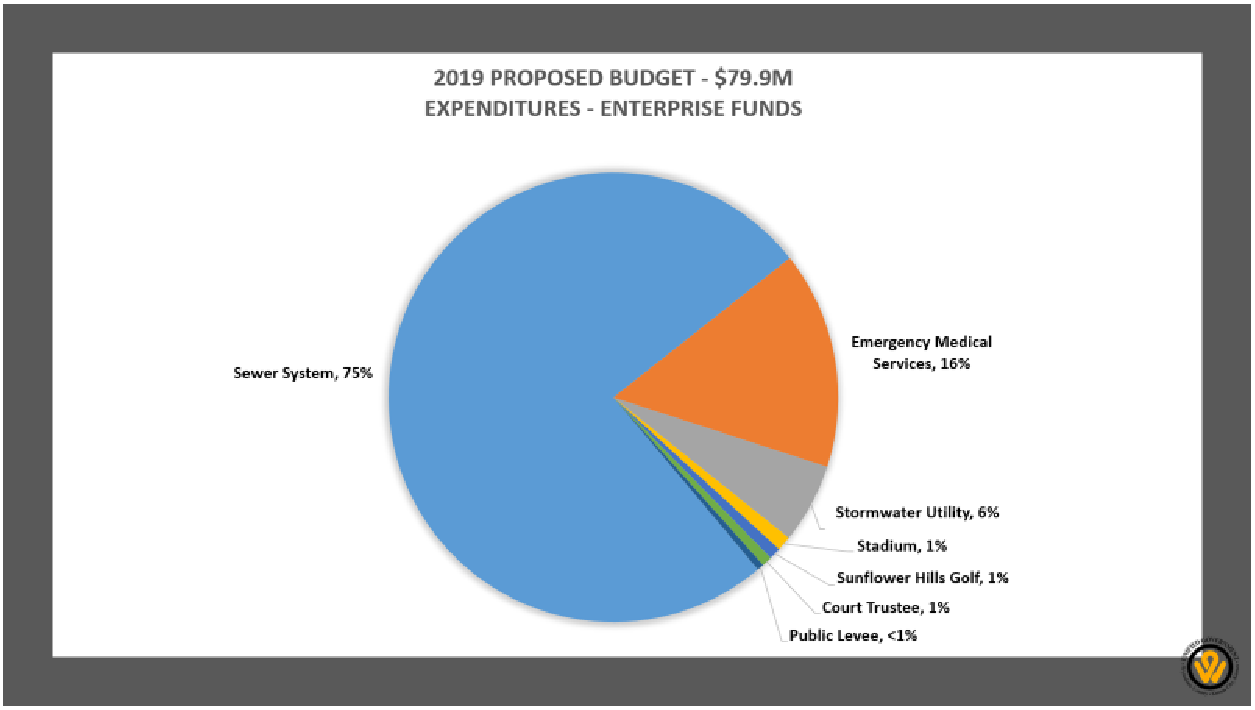
The next pie chart here is the City General Fund which I just said was $163M. We're going to drill down into it. One big portion of it is Public Safety. It's a $98M budget. We also have Community Services which is a $20M budget and Public Works which is a $19M budget.



Our other large General Fund is the County General Fund. Here is where we offer services to the whole county which would include Loring, Edwardsville and Bonner Springs. Here we have Public Safety also which is a $38M budget and then also we have General Government which is a $13M budget. The General Government includes things like Legal, Appraiser's Office, and Finance. Another category that's pretty large, which would be the third one, would be Judicial Services and it's 12% budget and it's a $8.2M budget and that includes the District Attorney's Office and District Courts.



The next slide here is drilled down into 20 funds that weren't included in the City and the County General Fund. These 20 funds are $8.5M. They include Other Tax Levies and in Other Tax Levies the biggest fund here would be our Bond & Interest Fund which is a $32M budget and then another large fund area would be Special Revenue which is $29M. Within there we have the Dedicated Sales Tax which is $11M, then we also have Special Street & Highway which is almost $8M. Within here another slice of the pie which is kind of here by itself is Consolidated Parks, that's a $6.3M budget.



Then we have another set of funds which is our Enterprise Fund. These are self-supported funds. They don't have any tax dollars going into them, but they do charge for the services they provide. We have seven Enterprise Funds that total $80M. The largest one is the Water Pollution Fund at $60M and then EMS which is a $12.5M budget and then the Storm Utility Fund which is $4.5% budget.

GENERAL FUND - CITY

	FY 2019 ORIGINAL BUDGET	FY 2019 AMENDED BUDGET	FY 2020 PROPOSED BUDGET
Revenues	156,630,921	155,834,971	158,363,391
Transfers-In	2,256,000	2,256,000	2,256,000
Subtotal: Sources	**158,886,921**	**158,090,971**	**160,619,391**
Expenditures	160,144,856	160,132,432	162,814,634
Transfers-Out	705,000	605,000	710,000
Subtotal: Uses	**160,849,856**	**160,737,432**	**163,524,634**
Net Change in Fund Balance	(1,962,935)	(2,646,461)	(2,905,243)
Cash Basis Ending Fund Balance	**$ 19,370,116**	**$ 17,643,141**	**$ 14,737,898**
CAFR Ending Fund Balance	**$ 28,098,150**	**$ 28,982,533**	**$ 26,077,290**
17% Target Reserve	18.6%	19.2%	17.0%

On the screen currently is the City General Fund Fund Statement. Kathleen touched on revenues. I talked about expenditures and so here we can kind of see where we see the revenues we have coming in in 2020 and then we also see the expenditures we have going out in 2020. Basically, one of the things we have going on is from 2019 to 2020 we had a $1.7M increase in revenues and on the expenditure side from 2019 to 2020 we had a $2.7M increase in revenues. You can kind of see down here in the red the net change in fund balance, this basically is telling us that we're spending more money than we're bringing in and we're going to spend into our fund balance $2.9M this year in the City General Fund.

GENERAL FUND - COUNTY

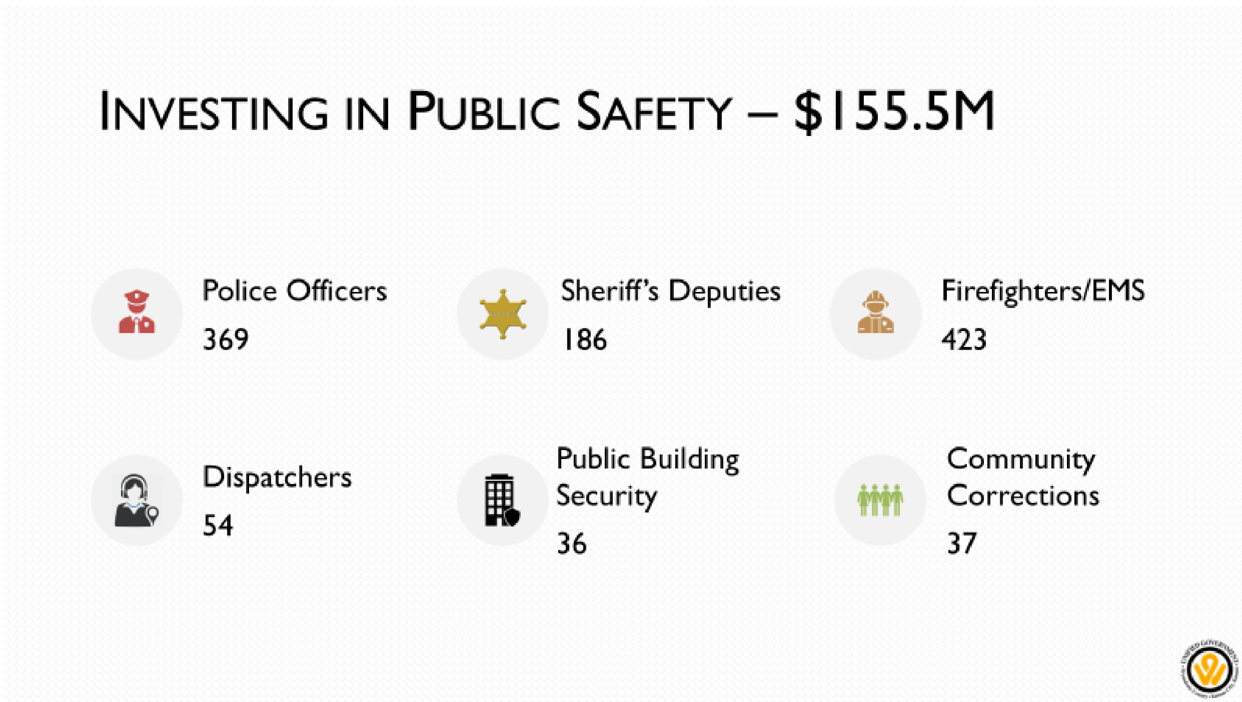
	FY 2019 ORIGINAL BUDGET	FY 2019 AMENDED BUDGET	FY 2020 PROPOSED BUDGET
Beg. Fund Balance	$ 4,168,321	$ 5,912,563	$ 5,688,207
Revenues	63,337,090	64,449,511	66,277,968
Transfers-In	0	0	0
Subtotal: Sources	**63,337,090**	**64,449,511**	**66,277,968**
Expenditures	62,571,900	63,313,867	65,322,495
Transfers-Out	1,360,000	1,360,000	1,560,000
Subtotal: Uses	**63,931,900**	**64,673,867**	**66,882,495**
Net Change in Fund Balance	(594,810)	(224,356)	(604,527)
Cash Basis Ending Fund Balance	**$ 3,573,511**	**$ 5,688,207**	**$ 5,083,680**
CAFR Ending Fund Balance	**$ 8,537,557**	**$ 7,373,487**	**$ 6,768,960**
17% Target Reserve →	13.4%	11.4%	10.1%

This fund statement right here is for the County General Fund. It's set up as the one we just looked at in the same way. In 2020 you can see where the revenues we had come in at $66M. Last year they were $63M. We had an increase of $3.8M between 2019 and 2020. On the expenditure side we had a $66M budget this year and last year we had a $63M budget and that's an increase of $2.9M so we're spending into the fund balance $604K which basically also means we are spending $604K more dollars than in revenues brought in.

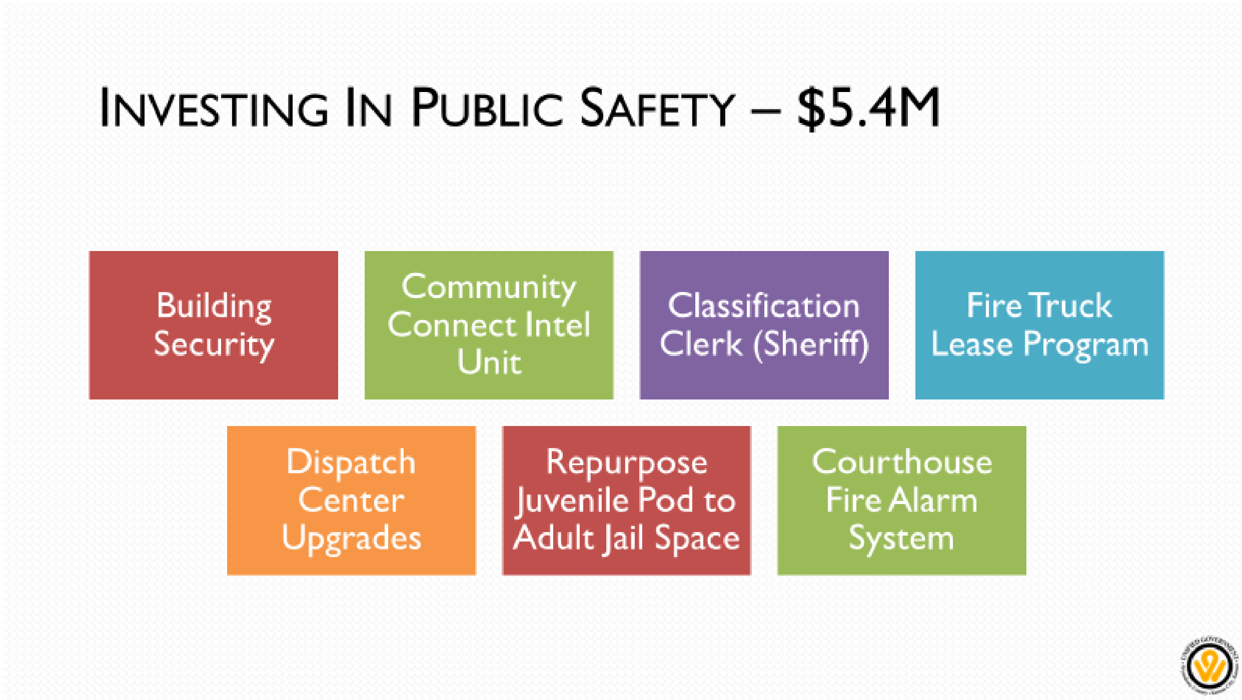
BASE BUDGET INCREASES

- Personnel (69% of Budget)
  - Salaries: +2% COLA
  - Health Insurance: +8%
  - Payouts/Pension Penalties: +5%
- Contractual Obligations: 3-5%
  - Inmate Housing

Gordon Criswell, Assistant County Administrator, said now we get to drill down into what's really in the budget starting with the increases to our base budget. As you can see there Personnel which makes up 69% of our budget is a big driver to the increase in our base budget. We are also proposing in this budget a 2% cost-of-living adjustment for employees. We anticipate about an 8% increase in our health insurance costs and we have payouts and pensions and penalties at about 5%. Another big driver to the base budget is our contractual obligations mainly with Inmate Housing which includes the farmouts, medical, all in one category. Those are sort of the outliers, if you will, to our base budget increases.



I'm going to talk a little bit now about investing in Public Safety. As you are all aware, our citizen surveys ranks Public Safety as either number one or number two whenever we go out and survey our citizens. This chart just shows you across our organization the number of individuals who are in the public sector category. We have a considerable amount of dollars invested in Public Safety, everything from Police Officers all the way to Community Corrections and Dispatchers.

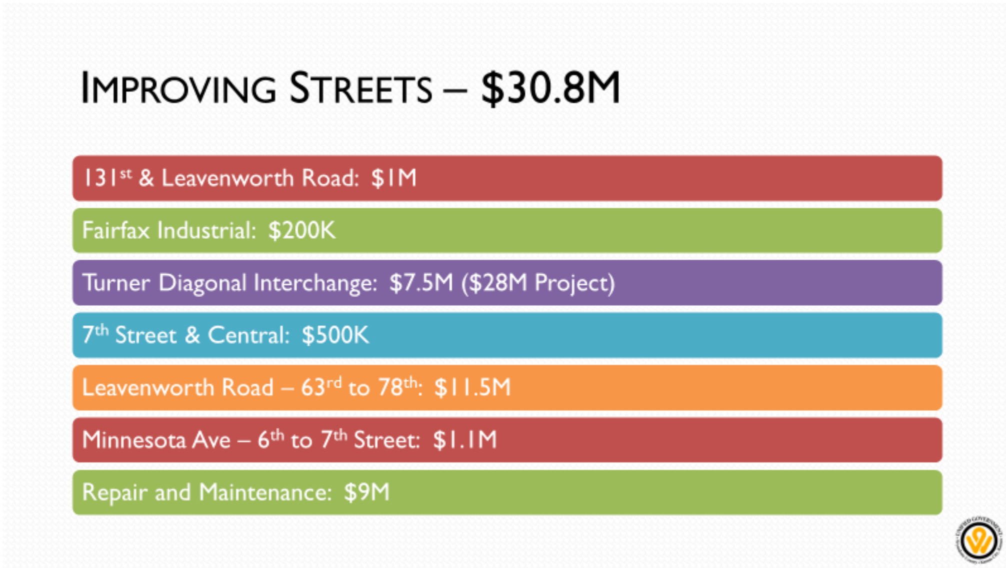


More specific investments in Public Safety, we are proposing additional investment in our building security to protect both the public and our employees in our public buildings. I would like to highlight the Dispatch Center. We've done some upgrades to our Dispatch Center. We have made that facility much more inviting putting in better lighting for employees there. That is a very stressful position and those individuals hear a lot of things when they get the calls and so upgrading their workspace will hopefully help us with the tension, but also ease some of the stress that these employees sustain on a day-to-day basis.

Another highlight would be repurposing our pod in the Detention Center so that we can move towards the double bunking which we have been working on for some time. As you know, the double bunking should help us with our inmate farmout costs and we will keep moving in that direction as we move to get our new juvenile detention facility on line.

The Courthouse Fire Alarm System, we have a system there now but we're making some upgrades to that system to meet newly code requirements, historic buildings, so we have some extra upgrades we need to put in to make sure we are code compliant.

Last, I would like to highlight our Fire Truck Lease Program. We are proposing that program to allow us to essentially buy six pieces of fire apparatus equipment for the price of five and over a 10-year period save about $1M.



Melissa Sieben, Assistant County Administrator, said the next portions are primarily about infrastructure projects that I'm going to be covering with you. As you see at the top of the screen, we just recently discussed in our standing committee, but this is our improvements for the new Piper High School, 131st & Leavenworth Road.

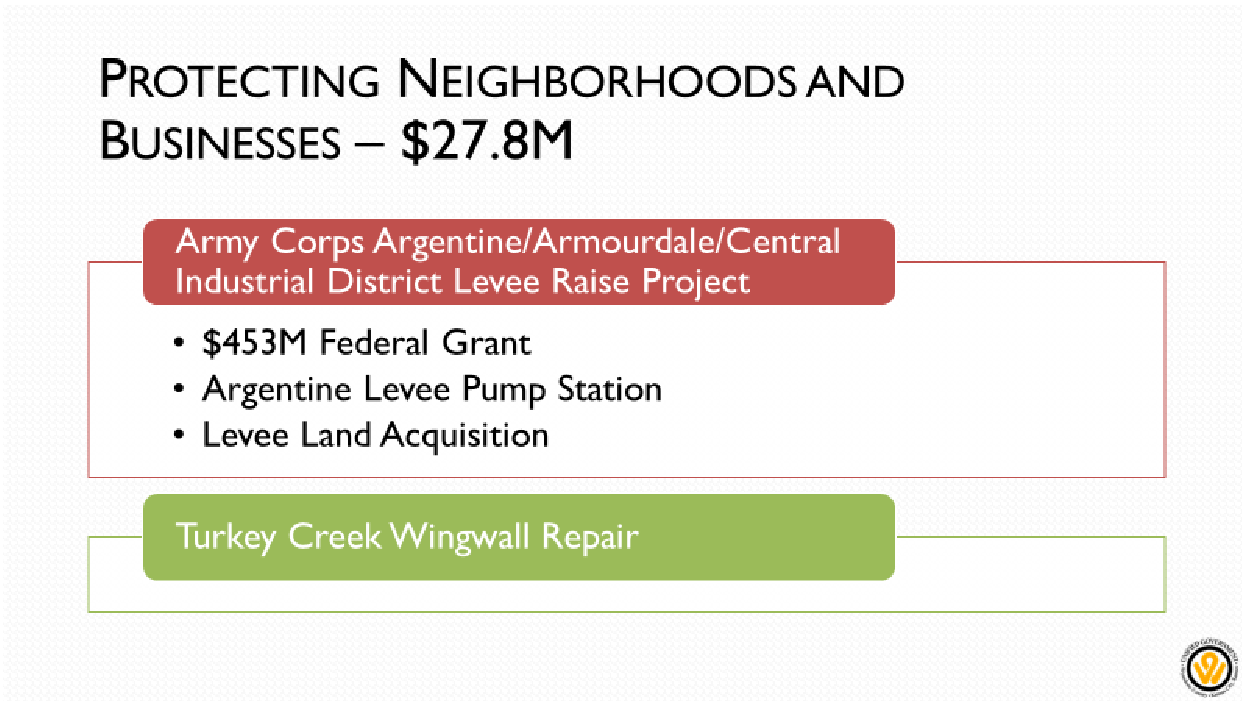
We also have funding that we continue year over year for the Fairfax area to make enhancements to its infrastructure and also another major project that's moving through now is our Turner Diagonal project. I want to highlight here that the total cost to do the reconstruction of that interchange is almost $30M, but our UG commitment, due to a federal grant, is about $7.5M.

We also have money budgeted for the 7th & Central intersection to be improved in 2020 which will make going through that intersection at different times of the day easier for residents and businesses in the area.

Leavenworth Road, we've been working on that starting—my first recollection was 38th Street and we continue westward on that and we will in this next year be out at 78th Street with renovations to that roadway so making a big change in that part of the community.

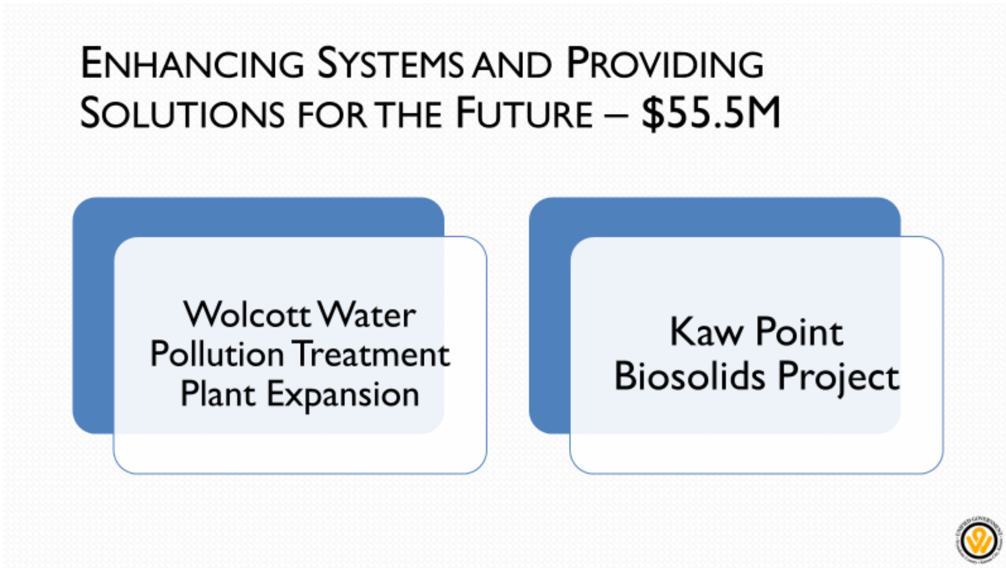
The last project specific item on this sheet is the Minnesota Avenue repair and enhancements from 6th to 7th which will then match 7th to 8th and kind of create some nice continuity as we head toward our new facility for our grocery store and also the new KU Campus downtown.

Lastly, we have increased the amount of Preservation & Maintenance dollars in the budget so it will allow more crack sealing, reseal, chip seal, microsurfacing throughout the community to address the preservation of our street system.



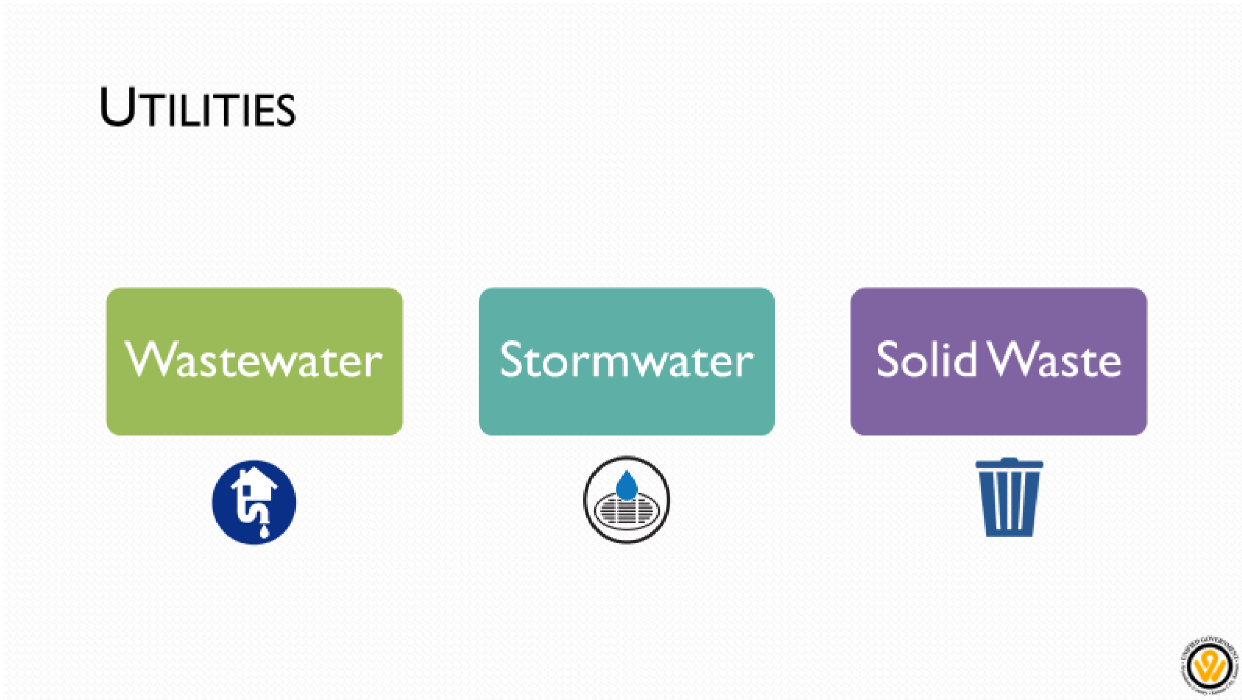
The next slide we have two major projects that we've been working with you on the last few months related to flooding and flooding related infrastructure. The first is Armourdale/Argentine Levee Raise on the Kaw River. This project, our portion of it primarily would be related to utility relocation and land acquisition. In the funding you see here there's that part where we're needing dollars to be able to do those acquisitions of public properties or portions of public property easements. Then, of course, the betterment that we've already brought to you for approval on the Argentine Levee to allow to have more capacity. This project wouldn't be possible without the huge grant that we received from the federal government of $453M to create better flood protection for those areas.

The next one on this sheet is an emergency repair that the Commission has already approved and that's for the Turkey Creek Wingwall which is an outfall off of Turkey Creek into the Kansas River just below the continental main line for BNSF.



The next slide is two very exciting projects as far as municipal geeks are concerned. The first is replacement of our package plant out at the Wolcott area which is a major project that we'll actually start to see construction in this timeframe which is pretty exciting for our Water Pollution folks as well as those of us that want to see that package plant not fail before we get it out of there.

The last project on here is a really important one too because, you will remember, a few years ago we had to stop burning at our Kaw Point facility down in the bottoms for our sewer plant because of an EPA regulation change. This will actually allow us to stop landfilling which those costs have gone up expeditiously in the couple of years that we've had to landfill the remains of our solid waste process—or waste water processes and will allow us to then perhaps in the future sell off the renewable fuel to the market.



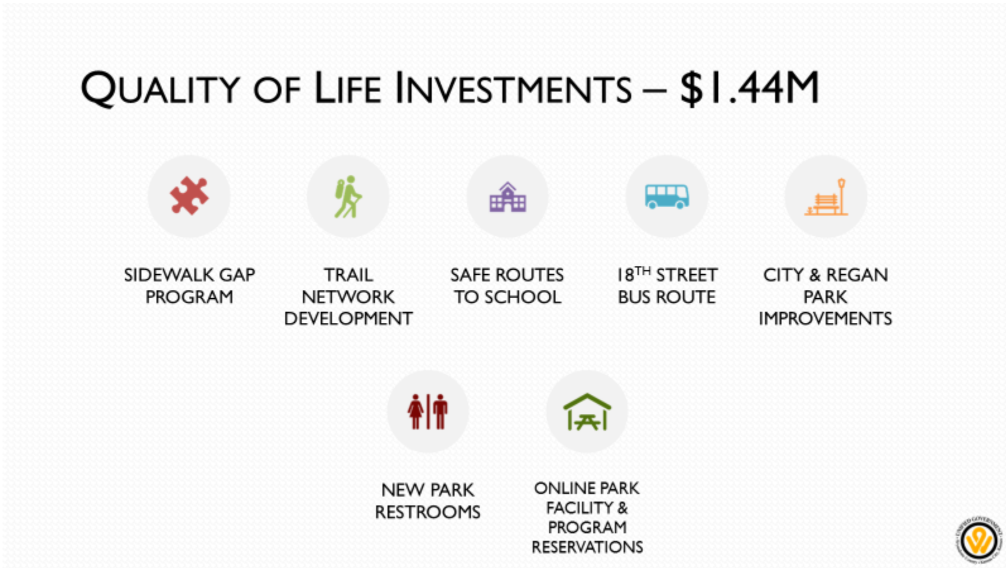
The second to the last slide I have here is on rate changes, increases, and non-rate changes. The first is Wastewater. Again, our continuing efforts to work on our partial consent decree will require a 5% adjustment in our wastewater rate that we're seeking your approval for 2020.

Our Stormwater rate, as you're all very aware, we've been through conversations on that and we will continue discussing how we address some of those inequities in our stormwater rate for residents and businesses and sort of what that looks like as we move into the year. This budget reflects the current $4.50 fee that we charge every parcel.

Solid Waste, our contract allows for—does require a change to meet the CPI on a somewhat routine basis. Our last change or adjustment that we passed on was in 2015. The recommendation is for $0.25 increase to maintain the funding for this important infrastructure that we provide to the community.

The one I get really, really excited about, these are SOAR related items. The first on here is the addition of a second abatement team. Currently, you're aware, we have one abatement team that tries to cover all of our abatements or property blight in the community. That can be anything from mowing to junk and debris and other related hazards that might be on a property that need to be abated. This will get us, hopefully, down to around 21 days. I know the Commission has sought staff to try to get us to the 14-day turnaround which is when we're statutorily allowed to abate. This will get us closer. It won't get us there, but it's an improvement over where we're at today.

There's two items in the green part and the first part is the landscape and hardscape improvements. This is UG facilities and then around them things like sidewalks and landscape replacement. Our facilities are older and some of that landscaping doesn't look like it did when it was put in so we would like to work on that as part of our part of keeping up our facilities as the Commission suggested. The last recommendation we have is to expand the Annex parking lot out at 78th & State.



Alan Howze, Assistant County Administrator, said the next section here we will talk about some of the quality of life investments that are in this proposed budget and it's in keeping with the Commission's focus on neighborhoods and the fact how people experience their community and their government has directly impacted by the quality of life directly in their neighborhood. This budget poses some incremental modest investments to improve quality of life in several areas. Starting with the Sidewalk Gap Program, this is an effort to connect up sort of missing links in our sidewalk system for schools, parks, and neighborhoods to increase pedestrian access. This was an area that was highly ranked in the community survey.

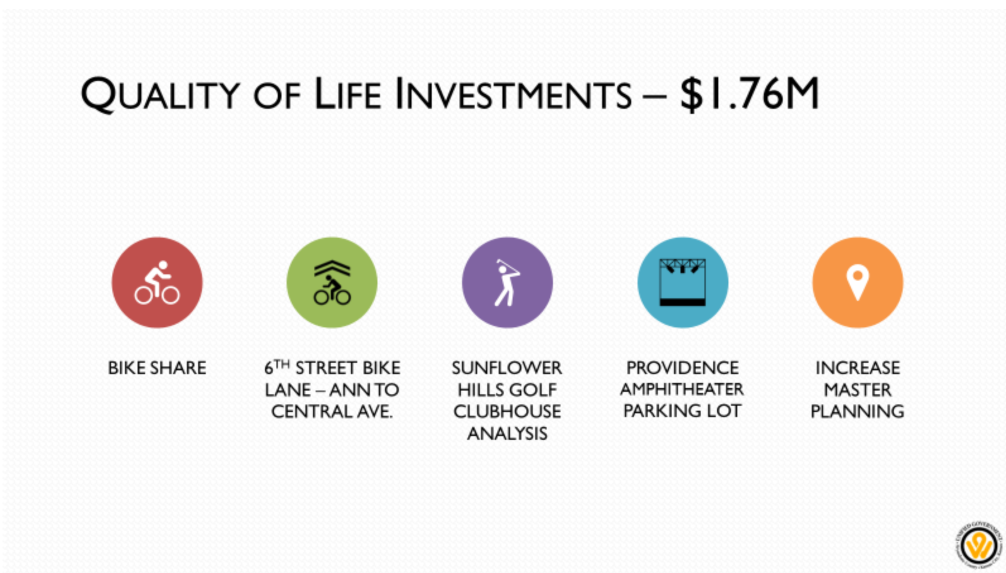
Related to that is the next one, the Trail Network Development. The proposed budget includes funding to continue the development of a trail network not only within our community but also to connect to surrounding communities and create more of an integrated network to provide transportation not only for recreational purposes but for people to get to and from employment opportunities.

The proposed budget includes additional funding for Safe Routes to Schools. As this Commission has been briefed on, we've made significant progress in Safe Routes to Schools over the last few years. This budget continues that investment and will connect up additional schools with pedestrian friendly access.

The 18th Street Bus Route, this is actually up and running right now. This is a federal grant that is administered by KCATA. This budget includes personnel to continue to support that. Those will be paid for by grants, but this is the first time they will show up in a budget.

It includes money for City and Regan Park Improvements. These are the CDBG dollars that are focused on City Park and are keeping with the NRSA and SOAR efforts in that area as well as creating City Park as a destination attraction for the entire community.

The proposed budget includes new park restrooms and this is one of those that seems minor but, in fact, has a significant impact on how people experience their parks and their quality of life particularly if you're a family with young children or active users of the parks. This is bringing new restrooms into those parks also with parks, looking to do an online Park Facility & Program Reservation System. That would allow people to self-serve themselves for signing up for facilities or reserve facilities to sign up for park programs both online as well as any of our community centers. They would be able to go to the B. Lee Center or the Argentine Rec Center and make those reservations and those sign-ups in those community centers which they can't do currently today. We think this is a significant improvement, not only to the operational efficiency, but also the customer service experience that we give to people.



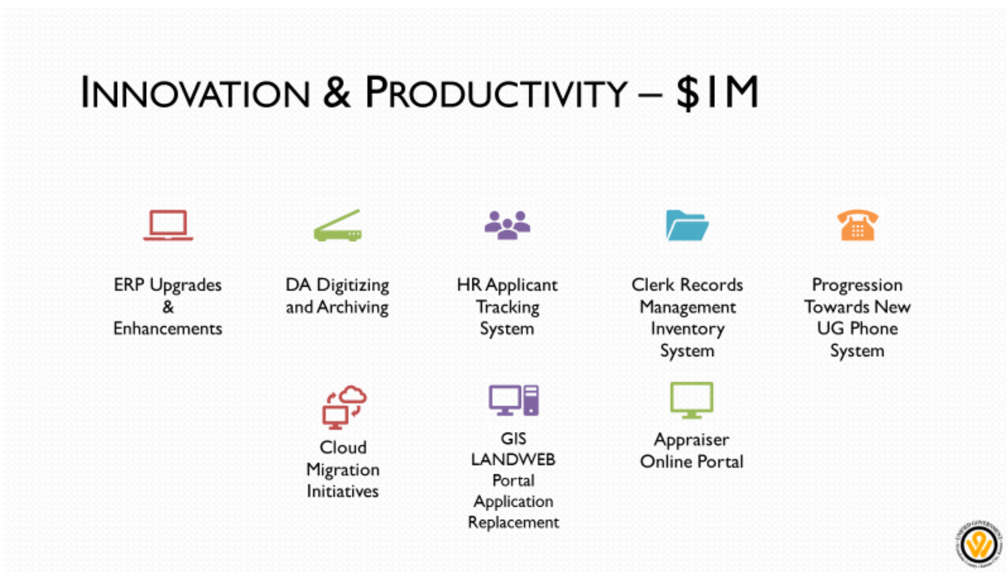
Additionally, there are some quality of life investments focused around Bike Share. This is a Mid-America Regional Council Program of which we have a small grant share. This will set up Bike Share in the KU Med Campus area. Related to that we have the 6th Street Bike Lane projects and those, you may recall, who experienced the Better Block Project last year. This is kind of an extension to that concept of creating protected bike lane on 6th Street and it also ties in with the development that we're seeing downtown and Central Avenue and creates a pedestrian bike friendly corridor in that area.

It includes Sunflower Hills Golf Course analysis to look at feasibility and utility of that facility for events so not just the golf course needs, but also for weddings, that sort of thing. There are other opportunities to generate revenue from that premier attraction in our community.

Likewise, Providence Amphitheater Parking Lot, attracts thousands and thousands of visitors to our community through the Amphitheater and other associated events. The parking lot needs to be resurfaced and we want to make sure that the quality of infrastructure in that location reflects the quality of the programming at the Amphitheater and/or commonwealth.

Lastly, the Increase in Master Planning, the Administrator spoke earlier about the Northeast Master Plan and the Central Area Plan. There is funding in this budget to begin to get into a regular cycle of doing master planning across the community in all the areas so that it's not a once every 20-year thing. It becomes more of a local living, breathing kind of document to help our community's plan.

The budget includes several investments in technology. One of these, and one of the most significant, is around our permitting and this a project that would touch with our NRC, our Planning, our Public Works. It would support the BPU and economic development and pulling together lots of different treads to allow for online permitting and payments, online plan submission for development plans and plan review by multiple parties, online rental housing registrations, online occupational licensing processing, allow for remote field work by our NRC employees, our Code employees so they can enter stuff directly in and don't have to come back to the office and hand key stuff they have written down. It would allow us to get closer or to do the 311 closed loop on property code cases so that information on the status and resolution of those cases can then be communicated back directly to residents through 311. It supports the Public Works right-of-way management efforts to better manage our public right-of-way and public assets. It creates really a one-stop shop for permitting across all these areas.



Lastly, we have several Innovation & Productivity investments and these are a combination of investing in systems to support employee productivity as well as some core—some back office system upgrades like our ERP system which is our core financial system that all departments use. It supports the DA digitizing/archiving project to get records into a digital format.

One that the departments are particularly interested in is the HR Applicant Tracking System which will give us for the first time an online job portal for people to apply for jobs or departments to review and to hire applicants through that. It should speed the time to hire and significantly improve the overall hiring process.

The Clerk's Records Management Inventory System, this is coming out of the Clerk's Technology Fund and supports the efforts of the Clerk to manage and track all of the records they are responsible for, not only in City Hall, but in other facilities across the community.

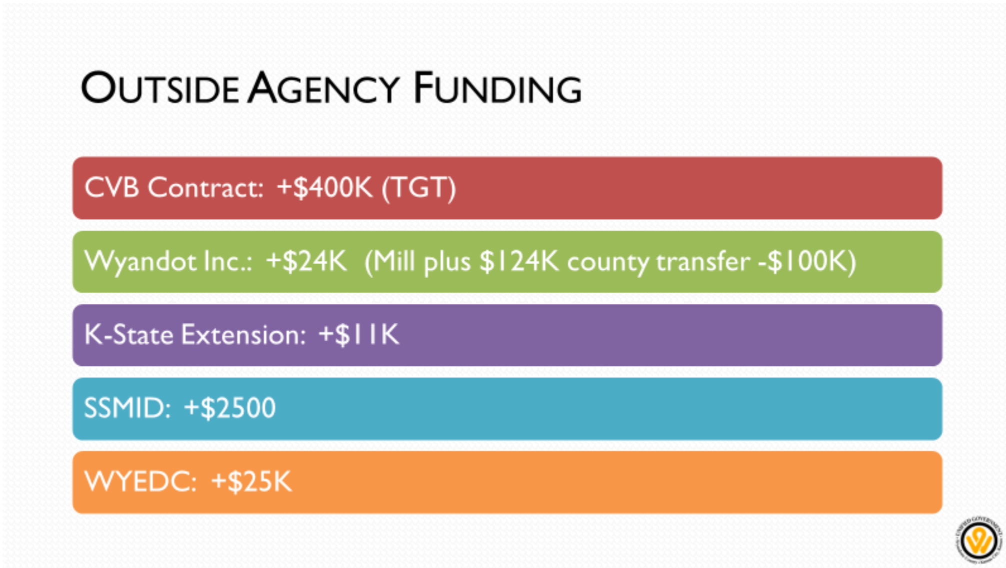
We have Progression towards the new UG Phone System as an outgrowth of the investment this Commission has made in fiber connectivity. We're moving away from the legacy phone system to a modern phone system. This should actually save us money significantly over time.

We are in the process of migrating some of our IT infrastructure to the Cloud. The purpose of this is to reduce our Capital expenditure so we have less to spend on maintaining a data center here in City Hall and it provides additional security and redundancy efforts for our technology for our departments who use these business critical systems.

The last two are GIS LANDWEB Portal. This is something that's used by lots of folks in our community including a lot of developers and architects and that sort of thing. It provides all kinds of different information about land records. It was developed in-house about 10 years ago. It is going to reach the end of its life and we're looking to replace that.

The Appraiser, likewise, is looking to expand the use of online portal tools to provide self-service. Instead of having to get open records requests as they currently do and then responding to those back to people in a manual process, it will allow self-service options for people to get the information from the Appraiser as well as to do things like submit their protest or to challenge their appraisals if they choose to do that for businesses and residents.

In total all these projects are aimed at improving the customer service and improving the efficiency of our operations.

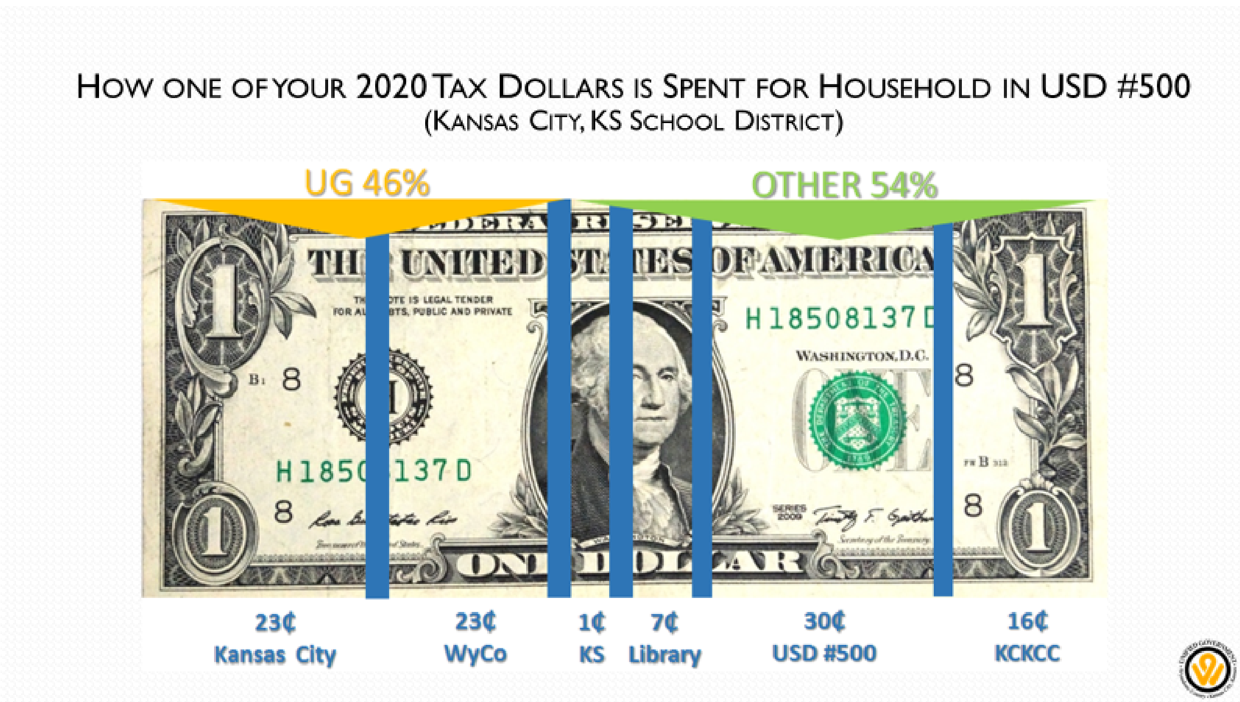


Mr. Bach said Outside Agency Funding, that's a critical area for us as we look around at other areas we support. Our Convention & Visitor's Bureau is one of those. A couple years ago when our STAR Bonds came off line one big component of the STAR Bond funding was the Transient Guest Tax piece that went into that. When that came out the CVB asked us for additional funding. We gave them a modest increase and asked them to go back and look at what are the important areas over and above what I think they presented they presented to us at the time. Over the last year our members that were on their Board went through, they did some strategic planning, think about where that money is being invested. Really, when I say that, this is an investment to put money in places where it will return on our investments.

We're recommending in this budget to up their budget about $400K. They are a little over $1M now which is significant, but this adds to their operating for their online advertising what they do, but it also adds a component where they can actually go out and try to help buy-in events, tournaments, and such like that where we bring in out to our youth fields so it can then turn families that come in here and create thousands of room nights. This is an investment that in the end can bring back more money than we actually put into it in the creation of additional Transient Guest Tax dollars which are restricted and have to be spent on specific things like this. It can't go into our general operations.

Wyandot Inc. handles many of the people that have mental issues or crisis in our community. Really, every dollar we invest here probably saves us much more than that so we're doing a modest increase with this group, but really, dollars spent there help keep individuals out of our prison system by the treatment they receive as they go in there.

We have some increase for our K-State Extension as well as our Downtown Shareholders group and we put some money into Wyandotte Economic Development which really is another investment to try to bring money back into our community, other investment back into community and we haven't given them any kind of increase for a couple of years.



As we look where we are from the tax dollar, the Unified Government is about $0.46 on the dollar of what we expend. Our City and our County are evenly divided as to where we are in those expenses. As I look back on this budget, as we presented to you a couple of things that stand out for me, and that really comes to the fact that trying to balance a budget but we're looking at a negative year over year imbalance to where we're at. On the City side we're down a little bit. As Reggie pointed out we're about $2.9M expending more than we're receiving this year, but that leaves us at 17% fund balance so that's a situation where we can take that and we can stay in that for a year or two but we need to try to keep that up. We've worked hard to get our fund balance up, we don't want to falloff that so it really puts us looking ahead for where we could be in that perspective.

On the County side we're about good from our expenditures to revenues so that's okay, but our fund balance is low so we have to continue to look at efficiencies there to build that up.

I will also say when we look at where those revenues are coming from, and I kind of bring that from a summary perspective, we have no mill rate increase built into this budget so that's critical as we go forward, but those expenditures are outpacing our revenues. I guess I will compare that over to our friends Lewis & Clark here up there in that corner and in the top picture. When we look at them today they've got their feet in the water down on the river. Well, much like our sales tax are down a little bit, we're hoping that will flow on down and we'll get our sales tax back up and we will be in a better position in the near future, but we can't count on that right now. So, we have to look to at where our efficiencies are that we can do things.

Within this budget I did go into our City operations and I cut 10% away from our contractual and commodities services in order to get us closer to where we can be from our balance production. That was about a $2M operating hit that came back out of all those city departments.

We're utilizing some of our fund balance. That's the $2.9M. We're looking to reduce some of our future personnel costs through attrition. It's a difficult situation when I come to departments and say okay, you've had an employee leave our service, we're not going to fill them right now and that's where I look to efforts we will make with this governing body as we look forward to future reductions or efficiencies through our priority-based budgeting project. This is one where we started with you earlier in the year and we plan to move into it this fall where we really get into the strategic cuts or efficiencies so we identify and say this is what we want to work with, where we want to make those changes.

I'll also note that as we look at the overall budget, and you saw the numbers that were presented to you, we have a $394M budget. Our revenues are $25M less than that so I talked about the General Funds overall. When we have a $25M difference, you need to understand what's happening with that. The largest portion of that is very good, very intentional, it's work that we've all been after like in Water Pollution Control, that's an area we've gone to and said let's build up some of the revenues, spend cash toward projects. So, $15M of that comes with that specific fund where we go out and about $8M goes into cash funding projects in the coming year and then another 7 is stuff we went out and did temporary notes on and then we will pay those off before we take them into bonds. That's a very deliberate, intentional move to say let's one time expend cash, it's more efficient that way and going and attacking that.

Also, we have some Transient Guest Tax money where we built up that fund. We go after and we can pay for items that the Restricted Fund can pay for, you know, that's another $1.5M so those are one-time expenditures that can go out and do that. The $2.9M on the city side doesn't necessarily fall into that category and that's one we have to work on to say how can we change that trend so it's not negative over what it is positive from the year before.

This budget works hard to target the spending that drives future revenue growth and that's the theme we've been after. The Mayor has said that, that's a good point that we try to take in and try to think about. If we're going to invest money somewhere, we put it in streets or we put it in a specific park or area, what's the impact on the surrounding area around it and how does that help us raise up our overall revenue or close. It also keeps that investment toward Public Safety, Street Maintenance, and our Quality of Life.

With that I really come to my final. Here's our budget calendar. You all have spent a lot of time with this budget already. It's not like the first time though this is the document first coming together. We start planning on this it seems like as soon as we get out of a budget session and we go in and we do strategic planning in the fall. We talked about what our priorities are, what we're going to do, we have public hearings on March 7th to get input from the public as to where they think we should spend our money and we've been through a couple of Capital Equipment Project meetings as well to get input from everyone.

I will also note on the screen, for anyone watching, down in the lower left-hand corner, the budget is online now. I'm sure some of you have pulled it up from that standpoint and it's there. It's at www.wycokck.org/budget. You can go to our website at wycokck and get your way there, but that's a direct link to take you to it.

In closing, I would like to thank my Budget staff, all representatives from Finance, Debbie you as well, Budget that didn't speak today. This group works really hard to put it altogether. It's a small group. They're mighty, but they do a lot of work for us so I thank you very much. They will be there to help answer questions as we jump into the workshops and figure out what we need to do.

Mayor Alvey said we've got a lot to digest. Again, as we dig into this more deeply, take note of questions, things we need to pursue further. We've got multiple workshops to dive into this and to get through all the discussions. I think coming up with questions and sharpening those gives staff an opportunity to give us a more comprehensive answer to some of the questions you may have. So, give them an opportunity to make sure they can answer your questions in public more thoroughly. I appreciate all your work.

MAYOR ALVEY ADJOURNED
THE MEETING AT 5:51 p.m.

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Bridgette D. Cobbins
Unified Government Clerk

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